

DPD-4080-60

19 May 1960

MEMORANDUM FOR THE RECORD

SUBJECT : Concurrence in Definitive Contract No.  
SP-1921 with Lockheed Aircraft Corporation,  
Project CHALICE

1. This memorandum contains a recommendation submitted for concurrence of the undersigned. Such recommendation is contained in Paragraph 4.

2. Contract No. SP-1921 covers a consolidation of further Personal Property Tax refunds due the Government. The refund already received has been credited to the respective contracts, i.e., SP-1913, SP-1914, SP-1915, SP-1916, SP-1917 and SP-1919. The Contractor and the Resident AF Auditor do not agree on the method of allocation of the taxes. In the event an agreement is not reached the Contractor proposes to submit the case to the Contract Board of Appeals. Due to the probability of submission to the CBA and resultant time lag, it was deemed advisable to handle this tax problem in this manner in the interest of administrative handling of the additional refund and to enable completion of the above mentioned contracts.

3. Attached is a resume of the tax problem as submitted by Mr. W. F. Edwards, AF Auditor.

4. Concurrence in Contract No. SP-1921 is recommended.

Contracting Officer, DPD

CONCURRENCES:

Comptroller, DPD

Office of General Counsel

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Distribution:

1 - SP-1921

✓ 1 - Finan/DPD

1 - RI/DPD

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DPD-4081-60

Contract No. SP-1921

THIS CONTRACT, entered into MAY 26 1960,  
by the UNITED STATES OF AMERICA, hereinafter called the  
GOVERNMENT, represented by the Contracting Officer executing  
this contract, and the LOCKHEED AIRCRAFT CORPORATION, Burbank,  
California, hereinafter called the CONTRACTOR, witnesseth  
that the parties hereto agree as follows:

ARTICLE 1 - Under previous contracts Nos. SP-1913, SP-1914,  
SP-1915, SP-1916, SP-1917 and SP-1919 entered into between the  
parties hereto, the Contractor paid under protest Personal  
Property Taxes to the Los Angeles County.

ARTICLE 2 - An agreement has been reached between the  
Department of Defense representatives and officials of Los  
Angeles County with respect to a formula for determining the  
amount of property tax on possessory interest on government-  
owned personal property to be refunded by Los Angeles County  
for the calendar years 1953 through 1958.

ARTICLE 3 - Of the total amount of tax to be refunded by  
Los Angeles County, calculated pursuant to the agreed to formula  
mentioned in ARTICLE 2, about 86.9% was to be refunded immediately  
and the balance deferred until October 1960.

ARTICLE 4 - The Contractor has refunded to the Government  
the following amounts:

<u>Contract No.</u>	<u>Amount</u>
SP-1913	\$2,332.47
SP-1914	2,879.70
SP-1915	357.89
SP-1916	6.01
SP-1917, Cust. #1	2.48
SP-1917, Cust. #2	254.04
SP-1919	484.13
	<u>\$6,316.72</u>

These amounts have been credited to the applicable contracts.

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Contract No. SP-1921

ARTICLE 5 - The Air Force Resident Auditor has taken exception to the Contractor's method of allocation of the taxes as related to Department of Defense contracts. Listed below are the additional amounts of taxes for refund as calculated by the method used by the Resident AF Auditor and the Contractor:

<u>Contract No.</u>	<u>Resident AF Auditor</u>	<u>Contractor</u>
SP-1913, Cust. #1	\$4,946.30	\$351.67 - (5)
SP-1914, Cust. #2	5,002.69	434.20 ✓ X
SP-1915, Cust. #1	145.53	53.98 7 8
SP-1916, Cust. #2	1.17	.94 ✓ X
SP-1917, Cust. #1	.12	.38 9
SP-1917, Cust. #2	142.77	38.28 ✓ X
SP-1919, Cust. #2	24.65	73.00 ✓ X
Cust. #1	\$5,091.95	\$406.03
Cust. #2	5,171.28	546.42
Grand Total	\$10,263.23 (1)	\$952.45 (2) ✓

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ARTICLE 6 - Upon agreement as to the method of allocation of taxes the Contractor shall refund the additional tax amount figured in accordance with the finalized formula. This refund shall be made to the Government under this contract with an indication as to the amount applicable to each Customer.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written.

THE UNITED STATES OF AMERICA

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Contracting Officer

LOCKHEED AIRCRAFT CORPORATION

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By Clarence L. Johnson  
 Title Vice President

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*\$952.45 received by  
 check no. 5233 dated 1-11-62  
 and sent to finance in voucher  
 2/67 dated 23 Jan. 1962. This  
 completes this contract  
 HAK*